GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1579
ANSWERED ON:09.03.2007
GRANT OF DEBT WAIVER TO STATES
Maharia Shri Subhash

Will the Minister of FINANCE be pleased to state:

(a) the details of States which have asked for debt waiver in the light of recommendation of the Twelfth Finance Commission;

(b) the details of the States which have been granted debt waiver; and

(c) the reasons for not giving debt waiver to Rajasthan?

Answer

Minister of State in the Ministry of Finance (SHRI PAWAN KUMAR BANSAL)

(a): The Twelfth Finance Commission (TFC) has framed a scheme of debt waiver based on fiscal performance, linked to the reduction of revenue deficits of States. Under the scheme of the States` Debt Consolidation and Relief Facility, the repayments due from the States during 2005-06 to 2009-10 on consolidated Central loans will be eligible for write-off. The quantum of write-off is linked to the absolute amount by which revenue deficit is reduced in each successive year during the award period of TFC. For the States, which are in revenue surplus, the debt write-off is available so long as the revenue surplus of the State does not go below the base year level in absolute terms.

(b): For the year 2005-2006,12 States have been granted debt waiver. For the year 2006-07, 20 States have availed of the benefit of debt waiver.

(c): Rajasthan has availed of the benefit of debt waiver both for 2005-06 and 2006-07.